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March 31, 2000

OFFICE OF THE
EXECUTIVE SECRETARY

Via Hand Delivery

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition for Arbitration of BlueStar Networks, Inc. with BellSouth
Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996
Docket No. 99-00945

Dear Mr. Waddell:

Enclosed please find an original and thirteen (13) copies of the Issues Matrix in the above-referenced proceeding. BlueStar is filing the Issues Matrix on behalf of itself and BellSouth.

If you have any questions concerning the Issues Matrix, please call either Guy Hicks or me.

Sincerely,

Michael B. Bressman
Associate General Counsel

cc: Guy Hicks

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3-31-00

ISSUES MATRIX
Docket No. 99-00945

ISSUE	BLUESTAR'S POSITION	BELLSOUTH'S POSITION
<p>Issue 5: What rates, terms and conditions should apply to BellSouth's Loop Make-Up Service Inquiry (LMUSI) process, which allows BlueStar to determine whether an xDSL-compatible loop or an unbundled copper loop is best to order for a particular location?</p>	<p>BlueStar should have the option to use the LMUSI process on an interim basis until BellSouth provides electronic access to LFACs. The charge for this service should not exceed the TELRIC-based rate if this service were performed electronically. If BlueStar orders a loop after using the LMUSI, the charge for the LMUSI should be applied to the ordered loop's nonrecurring charge. If BlueStar orders a UCL under 18kft and the CSRG determines that the loop is over 18kft, BellSouth should automatically provide BlueStar with a service inquiry as its response.</p>	<p>BellSouth's Loop Make Up Service Inquiry (LMUSI) is an interim process available to BlueStar, which provides a description of the loop facility for a given telephone number or specific address. This information allows BlueStar to make a determination of what type of loop to order and what loop conditioning activities if, any, are desired by BlueStar. This process is interim until the electronic access to LFACS is available in 3QTR00. The \$233.75 rate is based upon the cost of providing this service manually to BlueStar and is appropriate for this manual service.</p>
<p>Issue 11: What should the final TELRIC-based rates be for unbundled copper loops and loop conditioning for the following elements: 2-wire ADSL compatible loops, 2-wire HDSL compatible loops, unbundled copper loops (UCLs), and 4-wire HDSL compatible loops?</p>	<p>BlueStar believes that the TELRIC-based rates for unbundled copper loops and loop conditioning should be set in this arbitration. BlueStar believes the appropriate rates for an unbundled copper loop should not exceed the rates for voice grade loops: recurring - \$14.56 and nonrecurring - \$31.99. BellSouth must file a cost study in this proceeding. The loop conditioning rates should not exceed: removal of load coils/repeaters/equipment - \$28.02 per pair and removal of bridged tap per pair - \$32.98. The conditioning</p>	<p>Voice grade loop rates are not appropriate for unbundled copper loops. Rates for unbundled copper loops and loop conditioning should be based upon the cost methodology approved by the TRA. BellSouth will provide cost studies on unbundled copper loops and loop conditioning based upon the cost methodology approved by the TRA.</p>

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ISSUE	BLUESTAR'S POSITION	BELL SOUTH'S POSITION
	rates assume that BellSouth would condition an entire binder group of pairs – 25 pairs -- at a time.	
Issue 14: Should BellSouth's proposed voluntary self-effectuating enforcement mechanisms (VSEEM III) be made effective immediately (and included in the interconnection agreement) or after BellSouth receives Section 271 approval from the FCC?	Yes, because BellSouth currently has no incentive to meet its performance requirements under its interconnection agreement, has in fact failed to meet a number of contractual obligations.	No. BellSouth currently offers its VSEEM III to all CLECs, including BlueStar. BellSouth voluntarily included enforcement mechanisms in its offering in response to the FCC's concerns that RBOCs not back slide once 271 relief is granted. Therefore, it is appropriate that the enforcement mechanisms become effective only after BellSouth is granted 271 relief and not before. Furthermore, the specter of 271 relief is sufficient to ensure BellSouth's compliance with its performance measurements. Contrary to BlueStar's allegations, BellSouth has met all of its contractual obligations.

ISSUE	BLUESTAR'S POSITION	BELLSOUTH'S POSITION
<p>Issue 16: Should the interconnection agreement include a provision allowing BlueStar to cross connect its digital subscriber line access multiplexer (DSLAM) directly to BellSouth's riser cable network interface device (NID) in buildings, and if so, what, if any, rates, terms and conditions should apply?</p>	<p>Yes. BlueStar should be allowed to provide its own cross connect from its DSLAM to BellSouth's riser cable NID. BlueStar should pay a recurring charge if BellSouth maintains the riser cable in a building. BellSouth has not justified any network security reason for requiring an access terminal be installed between the DSLAM and the riser cable NID. If a landlord indicates to BlueStar that it owns the riser cable in a building, BlueStar should be permitted to connect to that riser cable without BellSouth's permission. If BellSouth disagrees with the landlord, BellSouth has the burden of proving that it owns the riser cable and cannot disconnect BlueStar until it affirmatively does so. For access to the riser cable, BlueStar would propose an interim nonrecurring rate of \$5, assuming BellSouth performs the cross-connect, and a recurring rate of \$2.</p>	<p>No. BlueStar's DSLAM is not an appropriate point of interconnection and BlueStar should not be permitted to cross connect its digital subscriber line access multiplexer (DLSAM) to BellSouth's riser cable network interface device. A mutually accessible device, such as a connector block is the more appropriate point of interconnection for access to riser cable. This retains network reliability, integrity and security for both BellSouth's network and BlueStar's network in accordance with the FCC's network security requirements. The rates for accessing BellSouth's riser cable should be based upon cost studies done in accordance with the TRA's approved cost methodology.</p> <p>BellSouth will comply with 47 CFR § 68.3(b) (FCC Rules governing establishment of demarcation point in a particular customer location). It is not incumbent upon BellSouth to prove ownership of the riser cable. However if BlueStar requests information regarding the location of the demarcation point within a particular customer location, BellSouth will cooperate with BlueStar to provide the requested information.</p>